

# **EXHIBIT A**



GOVERNMENT OF PUERTO RICO  
PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY

**Municipal Secondary Market Disclosure Information Cover Sheet**  
**Municipal Securities Rulemaking Board (MSRB)**  
**Electronic Municipal Market Access System (EMMA)**

**Additional / Voluntary Event-Based Disclosure**

THIS FILING RELATES TO ALL OR SEVERAL SECURITIES ISSUED BY THE ISSUER, OR ALL OR SEVERAL SECURITIES OF A SPECIFIC CREDITOR:

Issuer's Name: Commonwealth of Puerto Rico; Puerto Rico Public Buildings Authority; Employees Retirement System of the Government of the Commonwealth of Puerto Rico; Puerto Rico Infrastructure Financing Authority; Puerto Rico Highways and Transportation Authority; and Puerto Rico Convention Center District Authority.

Other Obligated Person's Name (if any): \_\_\_\_\_

Nine-digit CUSIP number(s): 745145, 74514L, 29216M, 745235, 745232, 745223AA5, 745181, 745190, 745266

TYPE OF INFORMATION PROVIDED:

- A. ☐ Amendment to Continuing Disclosure Undertaking
- B. ☐ Change in Obligated Person
- C. ☐ Notice to Investor Pursuant to Bond Documents
- D. ☐ Communication from the Internal Revenue Service
- E. ☐ Bid for Auction Rate and Other Securities
- F. ☐ Capital or Other Financing Plan
- G. ☐ Litigation / Enforcement Action
- H. ☐ Change of Tender Agent, Remarketing Agent or Other On-going Party
- I. ☐ Derivative or Other Similar Transaction
- J. ☒ Other Event-Based Disclosures: Summary of Agreement in Principle with Assured Guaranty and National Public Finance Guarantee regarding the Highway and Transportation Authority claims, the Puerto Rico Convention Center District Authority claims, and the Commonwealth treatment of clawback claims.

I represent that I am authorized by the issuer, obligor or its agent to distribute this information publicly.

/s/ Carlos Saavedra Gutiérrez

Carlos Saavedra Gutiérrez  
Puerto Rico Fiscal Agency and Financial Advisory Authority,  
as Fiscal Agent for the Commonwealth and its instrumentalities

Dated: April 12, 2021



# Agreement in Principle Summary HTA, CCDA, and Clawback Claims

April 12, 2021



## Executive Summary

The Financial Oversight and Management Board for Puerto Rico (“FOMB” or “Board”) has reached an agreement in principle with Assured Guaranty and National Public Finance Guarantee regarding the Highway and Transportation Authority (“HTA”) claims, Convention Center District Authority (“CCDA”) claims, and Commonwealth treatment of Clawback claims

- This agreement will increase support for the Commonwealth Plan of Adjustment filed in early March, which will be revised consistent with this agreement
- Clawback claims against the Commonwealth are settled entirely in contingent consideration

Clawback Treatment	<ul style="list-style-type: none"><li>▪ Contingent Value Instrument (“CVI”) based upon sharing of outperformance of 5.5% Sales and Use Tax Collections (“5.5% SUT”), subject to annual and lifetime caps</li><li>▪ Total amount paid under the CVI limited to a total of 75% of the deficiency claim (i.e. the amount of claim remaining after fixed consideration at HTA and CCDA is paid)</li></ul>
HTA	<ul style="list-style-type: none"><li>▪ \$1,245 million bonds (fixed par amount) in current interest bonds, capital appreciation bonds, and convertible capital appreciation bonds</li><li>▪ \$389 million of cash, inclusive of Restriction Fees / Consummation Costs<ul style="list-style-type: none"><li>– Restriction Fee open to additional PSA signatories up to maximum of 70% of HTA 68 and HTA 98 claims in aggregate</li></ul></li><li>▪ Privatization is an alternative to the revenue bond structure</li></ul>
CCDA	<ul style="list-style-type: none"><li>▪ \$112 million cash, inclusive of Restriction Fee / Consummation Costs</li></ul>



## HTA Terms

(\$ in millions)

<b>New Bonds</b>	<ul style="list-style-type: none"> <li>▪ \$1,245 bonds</li> <li>▪ Up to 40-year maturity</li> <li>▪ Average interest rate of 5.0%</li> </ul>
<b>Deemed Issuance Date</b>	<ul style="list-style-type: none"> <li>▪ New HTA Bonds to begin accruing interest on the earlier of (i) July 1, 2022 and (ii) the HTA Title III Effective Date</li> </ul>
<b>Structure</b>	<ul style="list-style-type: none"> <li>▪ Debt comprised of Current Interest Bonds (HTA CIBs), Capital Appreciation Bonds (HTA CABs), and Convertible Capital Appreciation Bonds (HTA Convertible CABs) <ul style="list-style-type: none"> <li>– Conversion date of 10 years or less on Convertible CABs</li> </ul> </li> </ul>
<b>Call Option</b>	<ul style="list-style-type: none"> <li>▪ <u>HTA CIBs / HTA CABs</u>: 10 years at par</li> <li>▪ <u>Convertible CABs</u>: 7 years after conversion</li> </ul>
<b>Net Revenue Pledge</b>	<ul style="list-style-type: none"> <li>▪ Although a net revenue pledge with specified toll-only expenses and capex will be provided to post-reorganization HTA debt, the timing and ability to fully separate out the toll roads from the rest of HTA remains uncertain</li> </ul>
<b>Rate Covenant</b>	<ul style="list-style-type: none"> <li>▪ 1.10x</li> <li>▪ For calculation purposes, includes unencumbered cash from prior years</li> </ul>
<b>Additional Bonds Test</b>	<ul style="list-style-type: none"> <li>▪ Additional bonds test of 1.20x from net toll revenues</li> </ul>
<b>Plan Timeline</b>	<ul style="list-style-type: none"> <li>▪ Separate HTA / Commonwealth plan timelines</li> </ul>
<b>Privatization</b>	<ul style="list-style-type: none"> <li>▪ Alternative to revenue bond structuring via privatization</li> </ul>
<b>Cash for Bonds</b>	<ul style="list-style-type: none"> <li>▪ Ability to substitute cash for bonds at HTA effective date</li> </ul>
<b>Tax-Exemption</b>	<ul style="list-style-type: none"> <li>▪ Best efforts to achieve tax exemption on bonds</li> </ul>
<b>Cash</b>	<ul style="list-style-type: none"> <li>▪ \$389 cash <ul style="list-style-type: none"> <li>– \$264 interim distribution upon Commonwealth effective date</li> <li>– \$125 Restriction Fee / Consumation Costs upon HTA effective date</li> </ul> </li> </ul>
<b>Restriction Fee</b>	<ul style="list-style-type: none"> <li>▪ Open to additional PSA signatories up to a maximum of 70% of aggregate HTA 68 and 98 claims</li> </ul>



## CCDA Terms

*(\$ in millions)*

### Cash

- \$112

### Fee

- \$15 Restriction Fee / Consummation Costs
- Open to additional PSA signatories up to a maximum of 70% of CCDA claims in aggregate



The Clawback CVI is subject to both annual and lifetime payment caps and will only receive payments in the event that the SUT outperforms the May 2020 Commonwealth Certified Fiscal Plan.

(\$ in millions)

<b>Outperformance Metric</b>		<ul style="list-style-type: none"> <li>5.5% SUT</li> </ul>
<b>Outperformance Condition</b>		<ul style="list-style-type: none"> <li><u>Subject to Waterfall</u>: On an annual basis, CVI receives the lesser of: <ul style="list-style-type: none"> <li>(i) 50% of cumulative outperformance, starting on July 1, 2021, less payments previously made</li> <li>(ii) 75% of annual outperformance</li> </ul> </li> <li><u>Not Subject to Waterfall</u>: 40% cumulative outperformance, starting on July 1, 2021, less payments previously made, subject to combined 95% annual outperformance limit (with amounts subject to Waterfall)</li> </ul>
<b>Subject to Waterfall</b>	<b>Years 1-22</b>	<ul style="list-style-type: none"> <li>Years 1-22: From the lesser of (i) and (ii) above (Subject to Waterfall), annual payment waterfall as follows: <ul style="list-style-type: none"> <li>(a) First \$100 to GO Bond Claims</li> <li>(b) Next \$11.1 to Clawback Creditors<sup>(1)</sup></li> <li>(c) Pro rata sharing thereafter of 90% to GO Bond Claims and 10% to Clawback Creditors<sup>(1)</sup></li> </ul> </li> </ul>
	<b>Years 23-30</b>	<ul style="list-style-type: none"> <li>From the lesser of (i) and (ii) above (Subject to Waterfall), 100% to Clawback Creditors</li> </ul>
<b>Not Subject to Waterfall</b>	<b>Years 1-30</b>	<ul style="list-style-type: none"> <li>100% of Outperformance Condition Not Subject to Waterfall</li> </ul>
<b>Annual Cap</b>		<ul style="list-style-type: none"> <li>\$175 (1-22) / \$375 (23-30), applies to aggregate payment to Clawback Creditors, both Subject to Waterfall / Not Subject to Waterfall<sup>(1)</sup></li> <li>Carry-forward of unused annual caps allowed, subject to a cap in any one year of twice the applicable annual cap above</li> </ul>
<b>Term (Years)</b>		<ul style="list-style-type: none"> <li>30</li> </ul>
<b>CVI Lifetime Cap</b>		<ul style="list-style-type: none"> <li>75% of deficiency claim of each clawback (i.e., reducing for any recovery from the issuing entity – HTA, PRIFA, etc.)</li> </ul>
<b>Clawback CVI Recipients</b>		<ul style="list-style-type: none"> <li>Deficiency claims include the impact of any waterfall or turnover provisions at HTA, subject to judicial determination</li> <li>HTA allocation of the Clawback CVI will be no less than 66.568%</li> </ul>

Note: Clawback claims include HTA, PRIFA, CCDA, and MBA. Deficiency defined as claim less any recovery received directly from HTA, PRIFA, CCDA, and MBA.

(1) Years 23-30 CVI Payment Waterfall and Annual Caps to Clawback creditors would begin at the earlier of (i) GO/PBA creditors reaching the lifetime cap and (ii) year 23.

